

The slide features a blurred background with a color gradient from dark blue on the right to bright yellow on the left. In the top left corner, the SPP logo is shown in white. The main title is centered on the left side in a large, bold, white sans-serif font. Below the title, the presenter's name and title are listed in a smaller white font. On the right side, the name of the working group is listed in a bold white font, followed by the date and location in a smaller white font.

SPP

**Attachment Z,
Cost Allocation
Changes**

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**Cost Allocation
Working Group um**

**April 6, 2005
Dallas, TX**

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Attachment Z Review

- ❖ **Aggregate Transmission Service Study Procedures (ER05-109)**
 - ◆ **Original Attachment Z filing approved by FERC on 1/21/05**
 - ◆ **The cost allocation provisions were approved and suspended until 7/1/05 or earlier order**
 - ◆ **SPP implemented Z on 2/1/05**

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What does the original Z do?

- ❖ **Z provides an aggregate study process that includes cost sharing for upgrades for requested service**
- ❖ **A 4 month open season is used for each study queue**
- ❖ **In each queue requests are studied simultaneously and upgrade costs are shared**

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ZZZZ..... continued

- ❖ **SPP will evaluate PTP and Network service, determining the upgrades necessary to accommodate all of the requests**
- ❖ **The costs of the facilities are shared by customers who are using the facility to obtain service**
- ❖ **Customers share based on the MW usage of the upgraded facility**

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Existing Z credits

- ❖ **Credits for customers paying above the base rate will be based on new transmission service using the facility**
- ❖ **For all new PTP service using the facility in the same direction as the initial overload, the customer will receive a portion of the revenue equal to = response factor * MW reservation * applicable rate**
- ❖ **Continues until customer paid in full for amount over base rate + interest**

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Z Original extra provisions

- ❖ **Transmission Owners may elect to upgrade facility removing any cost responsibility to customer**
- ❖ **When a facility constructed under Z gets rolled in to the revenue requirements of the TO, the remaining customer balance shall be paid in full. Customer continues to pay the charges specified in the transmission service agreements**



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Z, new and improved

- ❖ **Changes made to reflect use of cost recovery under Cost Allocation process**
- ❖ **Z filing included provisions for cost allocation and cost recovery for Requested upgrades**
- ❖ **Transmission revenue credits for requested upgrades, economic upgrades and directly assigned in excess of the safe harbor limit**



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Z changes

- ❖ **Clarified cost allocation for requested upgrades under initial procedures**
- ❖ **Added cost recovery provisions for Economic Upgrades**
- ❖ **Added cost recovery for Network Upgrades associated with DNR's in excess of the Safe Harbor limit**
- ❖ **Added cost recovery for DNR's transmission cost in excess of base**



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